

BM Political Highlights

Week Beginning 16/07/18

Top 3 Political Stories This Week

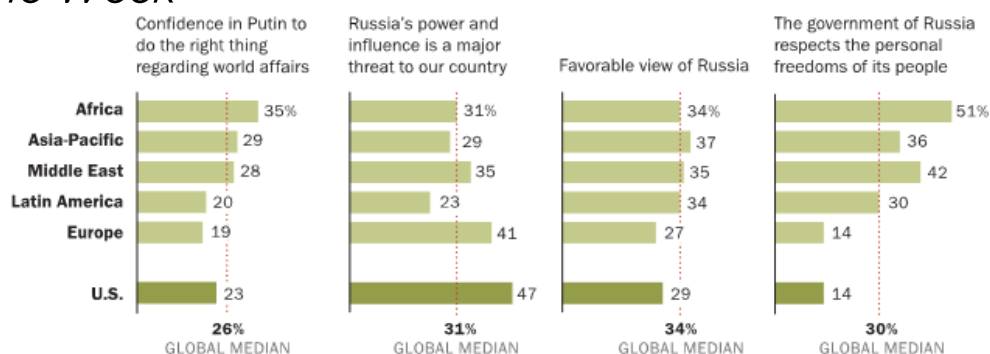
- UK Govt avoid defeat on [Customs Bill by 3 votes](#); former minister Greening calls for [a second referendum](#)
- Pres Trump sides with Russia Pres Putin over his own intelligence community about [Russian meddling](#) before [reversing comments](#) 2 days later
- Pres Trump calls the [EU a "foe" of the US](#) and asks NATO partners to boost defence spending to [4% of GDP](#)

BlondeMoney View

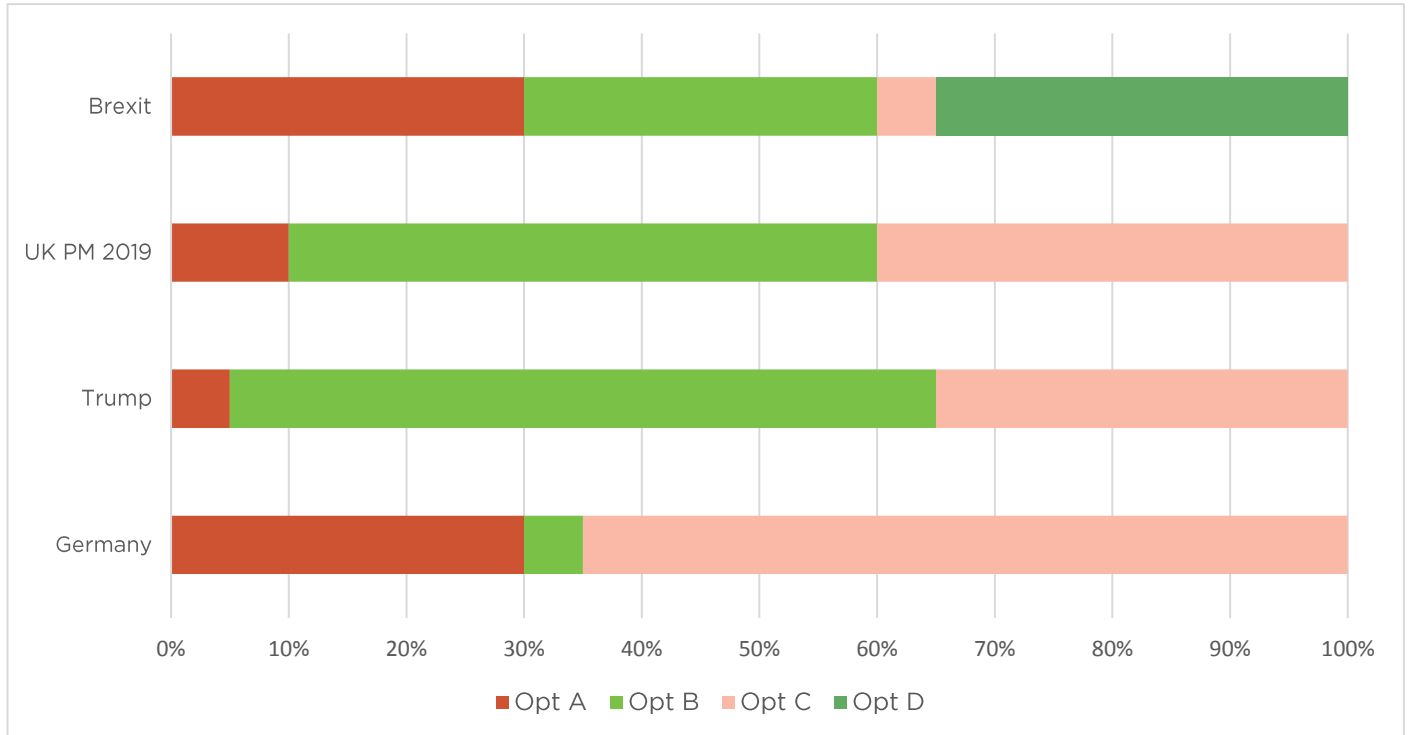
- The fallout from UK PM May's Chequers Agreement continues. Her Cabinet decided they must placate Brexiteers, and accepted [amendments to the Customs Bill](#) put forward by Eurosceptic MP Rees-Mogg and his ERG. For a full break-down of what this means for Brexit talks - read our [most recent BM article](#). While Cabinet were sure that these amendments "are [consistent with the White Paper](#)", others were unconvinced. Remainers were furious. Former minister Soubry launched a [scathing attack](#) on Brexiteers: she had "no doubt that [Rees-Mogg is running the country](#)". Pro-European Tory MPs rebelled. Although they failed in defeating govt (by 3 votes), they then introduced their own amendment on the following day's Trade Bill. It would align the UK with the EU in a Customs Union should they fail to have a free trade deal. This was defeated by [6 votes](#) - but only with 4 Labour MPs rebelling for the PM's cause. Had the Govt been defeated, Remainers would know they had the [numbers for a no-confidence vote](#). The PM, sensing that Tory in-fighting will worsen, tabled a motion for an early recess. However, the motion was dismissed by both parties as an "[idiotic proposal](#)". Theresa wants to survive until next week, then she can take a deep breath over the summer recess. Or can she? This week's votes show that there is unlikely to be a deal which can unite the Commons. Ahead of new Brexit Sec Raab visiting Belgium for this week's regular negotiation meeting, [Brussels plans to release a document](#) telling EU member states to up their preparations for No Deal. The politicians are laying the groundwork for the big battle ahead of October's EU Summit, but the fight now moves to the markets, where the risk of No Deal must start to be priced in.
- President Trump believed [Russia Pres Putin's "extremely strong and powerful"](#) denial of any Russian interference in the election. This despite members of his own administration, including the Director of National Intelligence, [accepting evidence](#) just two months ago that Russia had made "efforts to influence" the 2016 election. Other Republicans expressed their anger: [Speaker Ryan announced "Russia was not our ally"](#) while GOP Senator McCain called it "[one of the most disgraceful performances by an American President](#)". Democrats suggested the [only explanation](#) could be Russia holding "[damaging information](#)" over the President. Meanwhile the Mueller probe charged 12 Russian intelligence officers in connection to the 2016 DNC hack - described by Putin as "[ridiculous](#)". The Donald blamed [Special Counsel Mueller's investigation](#) for driving a "wedge" between the US and Russia. How will this impact voters? We expect core Trump support to go up. In 2014, 22% of Republicans saw Russia as an ally or friend; now [it's at 40%](#). The Republican view of Putin has gone up from [12% favourable to 25%](#) in the same timeframe. Trump again confirmed he [intends to run in 2020](#) and has already raised [nearly \\$90m for his re-election](#) bid giving him a head start over any hopefuls. With the electorate so polarised over the President, it remains up to the Democrats and those anti-Trump Republicans to rally around a suitable challenger or face 4 more years.
- Europe is still reeling from the visit of the US President. A frantic NATO meeting led Pres Trump to threaten US withdrawal if other allies [did not boost spending to 4% of GDP](#) (days after asking for them to boost it to 2%). DJT claimed victory, but [France Pres Macron](#) rebuked him, claiming only a commitment to the 2% target by 2024 was agreed. The 4% target is not so unachievable, as [this piece](#) from BM friend Garvan Walshe in Foreign Policy explains. On trade, the US Pres called the EU the "[biggest foe globally right now](#)". EU's Tusk dismissed this as "[fake news](#)" and went on to [appeal to the WTO](#) for help. The EU are being forced to look elsewhere. This week a new [EU-Japan trade deal](#) has been signed, as well as a preliminary EU-China trade summit. Both sides described this as a commitment to "[defend global trade order](#)" - a veiled threat to DJT. The continent is in flux as it moves away from traditional trade partners, its second-biggest economy tries to extricate itself and populists proliferate in government.

Chart of the Week

Source: [Pew Research](#)



BlondeMoney Probabilities:



n.b. these are subjective estimates made by BlondeMoney

	OPTION A	OPTION B	OPTION C	OPTION D
BREXIT	No Brexit	Leave March 2019	Leave after March 2019	Disorderly Brexit
	+15%	-10%	-10%	+5%
UK PM JAN 2019	Jeremy Corbyn	Theresa May	Other	-
	0%	0%	0%	
TRUMP	Trump leaves before end of term (resigns, removed, Impeached etc)	Trump wins a second term	Trump leaves after one term	-
	0%	-5%	+5%	
GERMANY	Merkel leaves before end of term (resigns or removed)	Merkel stays, AfD national support falls	Merkel stays, AfD national support increases	-
	0%	0%	0%	

Change in percentage points from last week's edition